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DOWNTOWN PROJECTS II

ECONOMIC CONTEXT - BACKGROUND TABLES AND SELECTED EXCERPTS

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DOWNTOWN PROJECTS II

•NEW DESIGNS FOR BOSTON•

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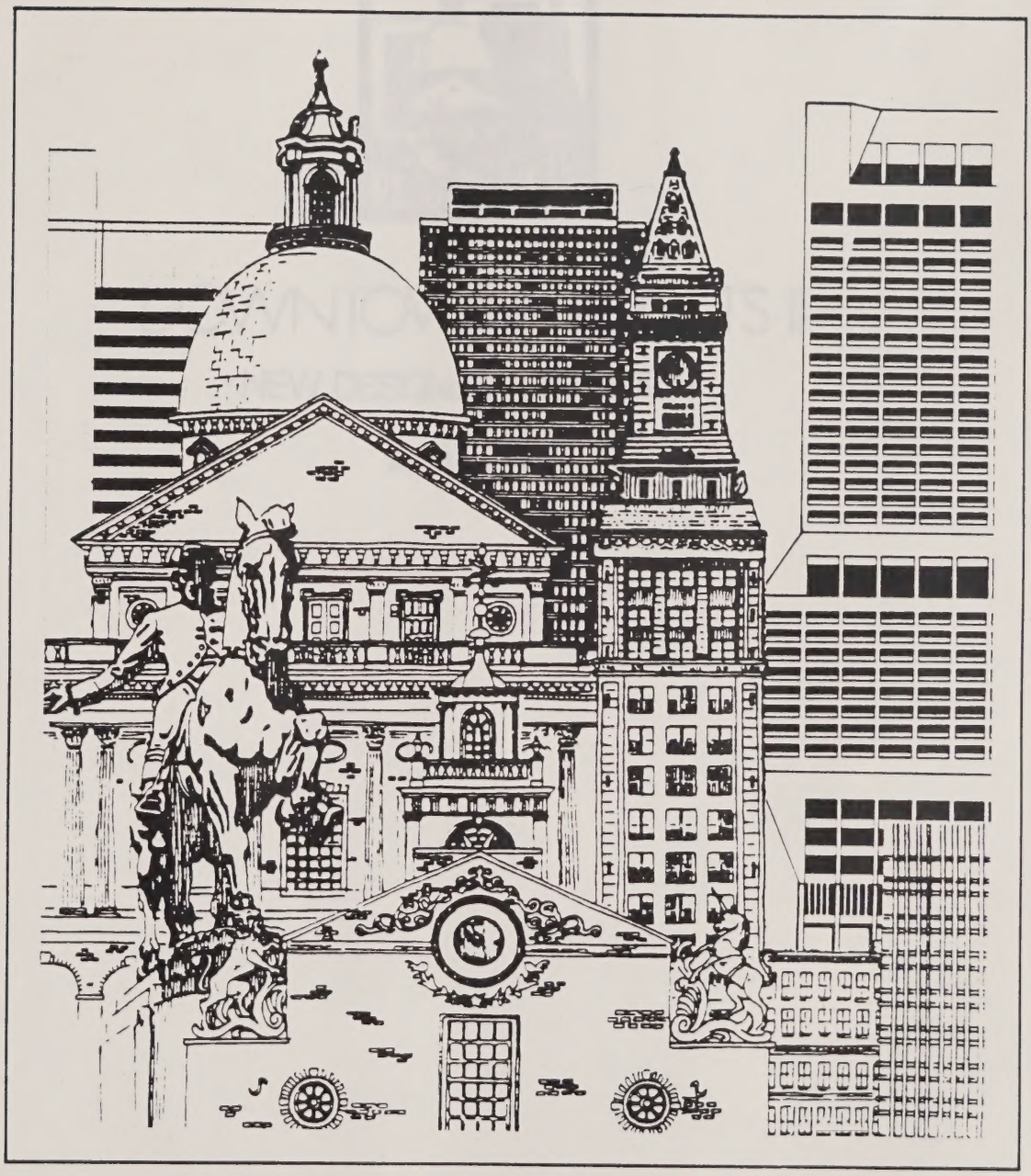
•NEW DESIGNS FOR BOSTON•



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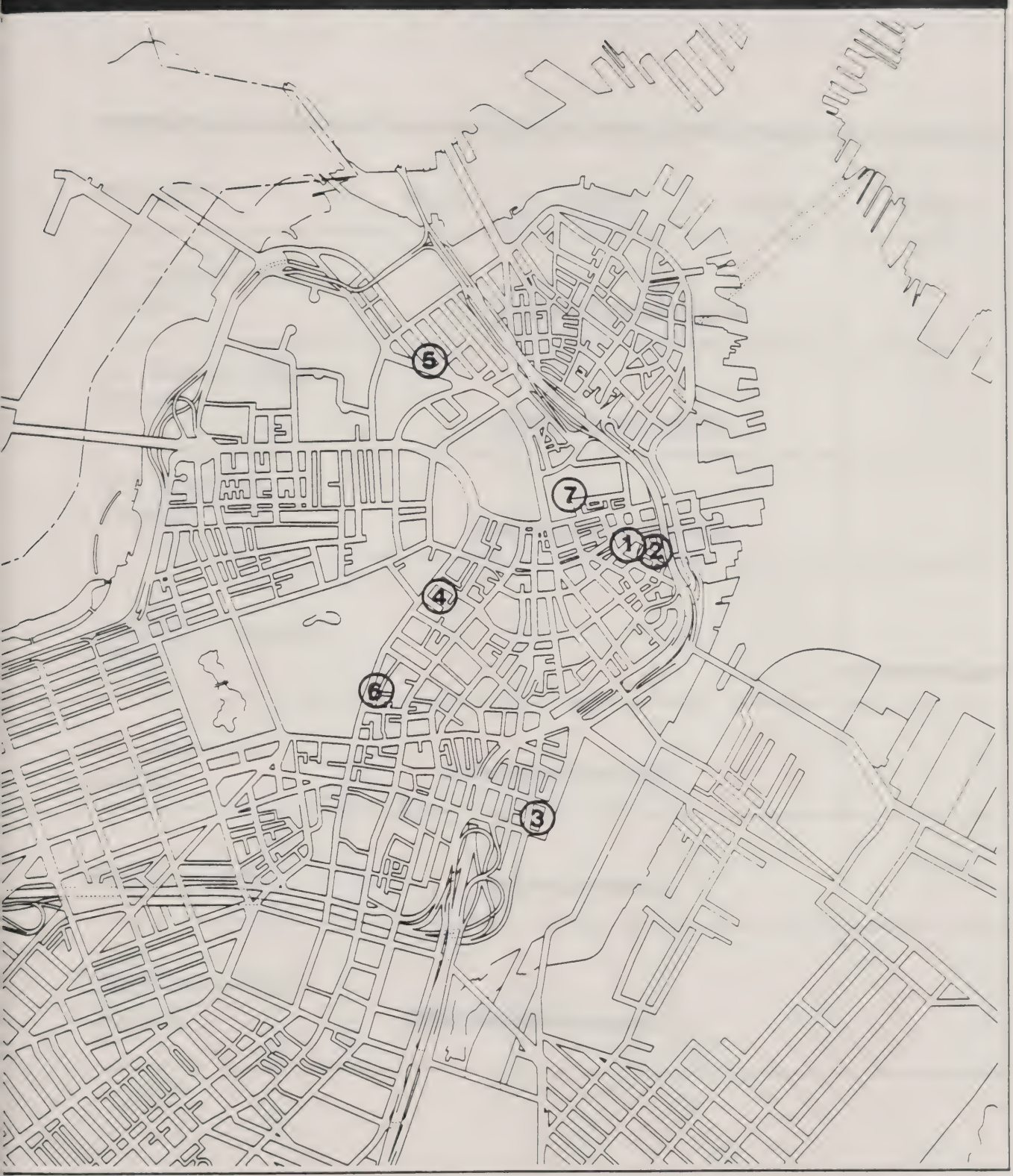
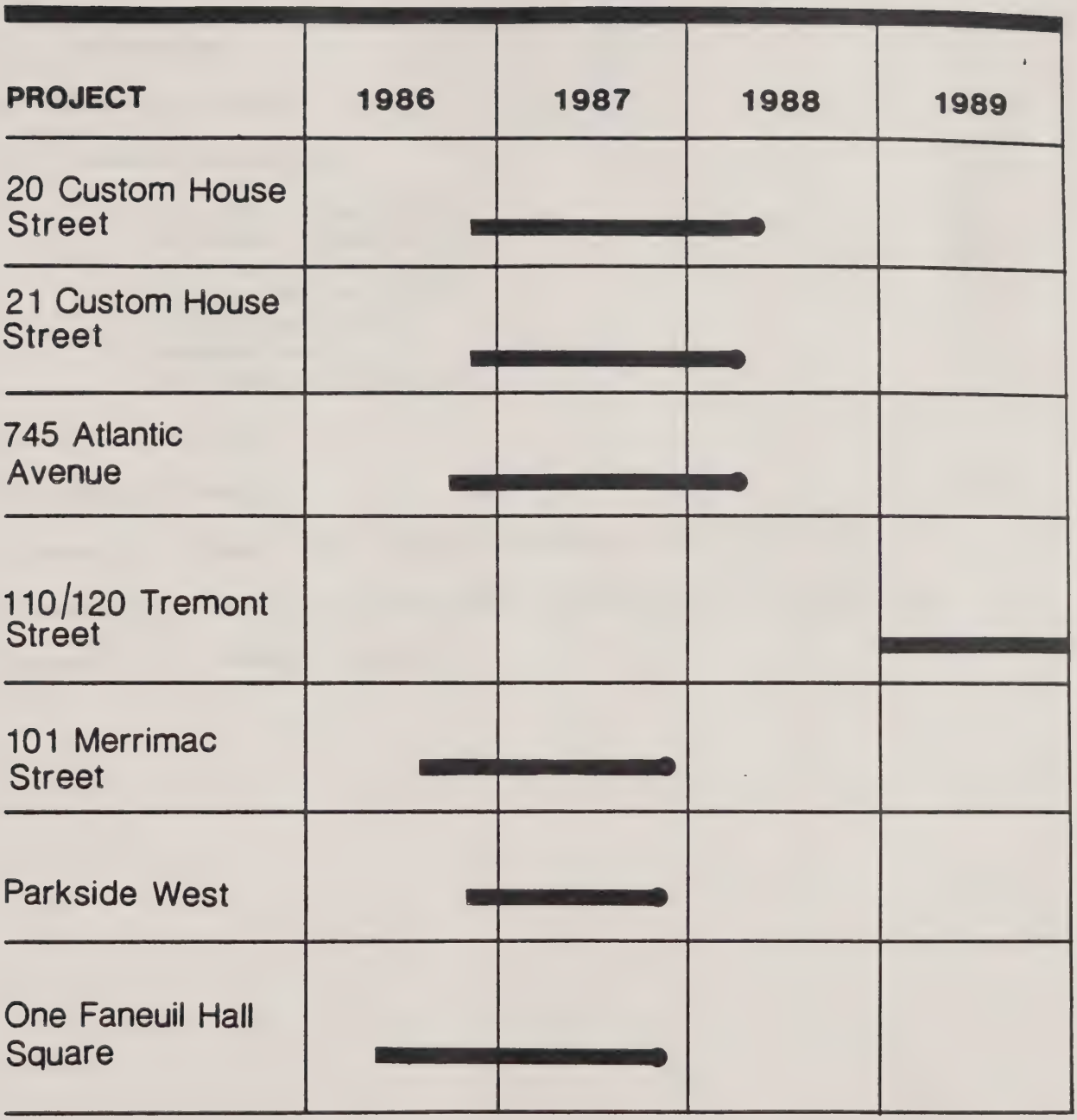
DOWNTOWN PROJECTS



1. 20 Custom House Street
2. 21 Custom House Street
3. 745 Atlantic Avenue
4. 110/120 Tremont Street
5. 101 Merrimac Street
6. Parkside West
7. One Faneuil Hall Square

DEVELOPMENT CALENDAR



DOWNTOWN PROJECTS II
NEW DESIGNS FOR BOSTON

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Appendix 1: Boston Civic Design Commission Draft Ordinance

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Introduction

1

INTRODUCTION

The development projects highlighted in this report represent the best of balanced growth. They are the real estate industry's first response to the draft Downtown Guidelines released by the Boston Redevelopment Authority last year. Each of these projects represents excellence in urban design. They are modest in scale - not one is over 170 feet in height - and sensitive to their surroundings. Each fits the context of its particular location, while not imitating past architectural periods. Most importantly, these projects will expand economic opportunity for the citizens of Boston.

The BRA's draft Downtown Guidelines were released in a series of publicly advertised meetings with community groups, business people, public officials, and local architects and designers during the summer of 1985. These Guidelines called for smaller buildings with more public benefits. The real estate market can produce such projects because of the demand for small buildings in Boston's office economy. There currently exists in Boston's office economy one market composed of a few large banking, insurance, and money management firms occupying new, larger office towers, and one market made up of small firms in business and professional services which tend to lease space in small new or renovated buildings. Over half of Boston's downtown office employment already comes from this second market, and these smaller firms are growing more rapidly than the largest firms. Smaller firms prefer space in smaller buildings because it is generally less expensive and more flexible (shorter lease terms, easier expansion) than premium space in tall office towers. Thus in downtown Boston the demand for small office buildings is growing and the real estate market is eager to supply space to meet this demand.

Last year's draft Downtown Guidelines also called for greater public benefit from new development. These new small projects will produce two basic kinds of public benefit. Economically, they will permit employment growth in a rapidly expanding sector of Boston's economy. Most importantly, because this part of Boston's office economy employs a greater proportion of Boston residents in all job categories, particularly in jobs that pay better than those in the largest firms and buildings, this employment expansion will benefit more Boston residents. Thus the physical renewal of the city will increase economic opportunity for its citizens.

The second type of public benefit is the contribution these building make to the public realm, those aspects of the environment which are visible or accessible to the public. The public realm is a concept of place including areas commonly considered public such as parks, tree-lined boulevards, sidewalks, and streets, and privately owned areas or features which are by their nature, function, or impact, are publicly accessible. Such areas or features include the design of buildings, their lobbies and connecting passageways, the materials used to build them, the spaces their walls create, and the amount of sun, light, and air in those spaces.

These projects contribute to the public realm in many ways. Their use of materials is consistent with those which predominate in their respective areas. For example Parkside West will be constructed in brick and limestone, materials which already predominate along the Common frontage. The project includes

ample detailing and belt courses of stone at various levels to give the structure a rich, textured facade comparable with detailing on older buildings in nearby blocks.

Another important contribution to the public realm is improving public spaces and pedestrian connections within and around the project sites. At 110/120 Tremont Street for example, public passageways through the building will relate to and reinforce the system of intimately-scaled alleyways that already exists around Bromfield Street and Hamilton Place. High quality paving material will be used on Hamilton Place to make it more attractive to pedestrians.

In addition, these projects contribute to the street by using setbacks to relate the base of the new building in height and composition to adjacent, lower structures. In the historic Custom House area, the project planned at 20 Custom House Street is carefully designed to relate to several federal-style brick buildings designed by Charles Bulfinch. The building is set back to correspond to the cornice of the adjacent Bulfinch structures, and its granite facade aligns with the storefronts of the Bulfinch buildings. In those projects where rooftops are easily seen by people in nearby taller structures, mechanical space is integrated into the design. At One Faneuil Hall Square, for example, an elegant copper roof completely encloses the building's mechanical systems and in both Custom House Street projects mechanical space is "wrapped" by office space.

In most cases both the height and massing of the projects in this report have been reduced during review by the BRA. In some instances changes have been quite large. 101 Merrimac Street was reduced in height by a third. In other cases changes were small but crucial. One Faneuil Hall Square was reduced by only two stories, but its height is now compatible with the Quincy Markets buildings and Faneuil Hall. At 745 Atlantic Avenue the height and mass were reduced and the South Street facade was set back at a 90-foot cornice to relate to other Leather District buildings along South Street.

None of the projects highlighted in this report detract from the public realm. They are considerably smaller than projects typically proposed for downtown locations in the past. None of the projects rise above 17 stories or 168 feet in height: the average height is 133 feet and the average number of stories is 11. None of these projects use glass or reflective materials; instead they use brick, granite, and limestone, materials which are compatible with historic Boston. None will buffet pedestrians with high winds or close their entrances with uninviting facades. These projects will be elegant, appropriate, and active: they are all excellent examples of urban planning and design.

This report is intended to show, by example, how downtown growth can be balanced to provide economic and aesthetic benefits. To ensure that future downtown projects provide these benefits as well, Mayor Raymond L. Flynn has proposed establishing a Boston Civic Design Commission. The Design Commission would be established through an amendment to the Boston Zoning Code, a draft of which is attached to this report as Appendix 2. The Commission's powers and responsibilities are briefly summarized here:

- The Commission's jurisdiction will include large-scale and other significant public and private projects, as well as design guidelines for particular districts or areas.

- The Commission will receive copies of schematic plans at a very early stage in each project's design. The Commission will then make recommendations to the Mayor and the BRA as to the approval, the need for modification or further review, or the disapproval of submitted designs.

- On every matter submitted to the Commission a public meeting will be held. If two-thirds of the Commission votes to disapprove of the schematic design of a project or district guidelines, the city or BRA would consider whether a redesign or redrafting will be required.

With the establishment of the Commission, important decisions affecting Boston's public realm will be made in an open public forum. Moreover Boston's design professionals, who daily study Boston's unique urban fabric in their work, will review the city's decisions to ensure that the precious resources that constitute Boston's public realm are not destroyed. Early, effective cooperation between the public, the city, and the design community will produce the best possible urban design choices for Boston.

DEVELOPMENT MAGNITUDE

Project	Size						
	GSF (000s)	Office (000s)	Retail (000s)	Residential (000s)	Floor Area Ratio	Height Stories	Fee
20 Custom House Street	160	142.7	17.3	--	8.5	12	140
21 Custom House Street	95	85.5	9.5	--	8.6	10	120
745 Atlantic Avenue	174.9	157.7	6.4	--	8.2	11	135
110/120 Tremont Street	400	379	21	--	9.1	12	168
101 Merrimac Street	171.3	164	7.3	--	8.97	10	124
Parkside West	95.3	--	5.7	89.7	13.5	17	155
One Faneuil Hall Square	51.3	34.6	16.7	--	8.53	7	86
TOTALS	1147.8	963.5	83.9	89.7			

ECONOMIC BENEFITS

Project	Cost	Revenues		Jobs	
	Total Development (000s)	Net New Taxes (000s)	Linkage Payments (000s)	Permanent	Construction
20 Custom House Street	$ 34,000	$ 758.9	$ 300	621	358
21 Custom House Street	18,000	405.9	--	371	190
745 Atlantic Avenue	25,000	575.4	300	659	263
110/120 Tremont Street	93,000	1,893	1,800	1,597	979
101 Merrimac Street	22,000	529.9	329.2	687	232
Parkside West	20,000	225.9	--	14	211
One Faneuil Hall Square	10,775	235.4	--	178	113
TOTALS	$222,775	$4,624.4	$2,729.2	4,127	2,346

Economic Context

2

ECONOMIC CONTEXT

Introduction

In 1984-1985, Boston had the highest level of office construction per capita of the nation's 20 largest cities. With an economic base attuned to sectors expected to grow more rapidly nationally, Boston has good prospects of gaining an additional 50,000 jobs by 1990. Until now, however, the economic gains associated with Boston's development boom have not directly reached its low and moderate income residents. The majority of new jobs created in the past decade have gone to metropolitan residents. However, research into Boston's office economy reveals that it is segmented by employment size and that smaller firms tend to have a greater share of Boston resident workers than large firms. Downtown Projects II are smaller office buildings which could supply the needs of that component of the Boston office economy that is growing most rapidly, which generally offers higher paying jobs, and has a greater share of Boston resident workers.

An analysis of office space demand and supply suggests that the projected 9.7 million square feet increment in supply 1986-90 would be readily absorbed with vacancy rates rising from 8.6% in first quarter 1986, to 9.5% in the fourth quarter 1987, peaking at a moderate level in fourth quarter 1988, (12.4%) and resuming a decline, thereafter, to a very competitive rate by year-end 1990 (9.0%). Office space absorption is projected at 1.6 million square feet annually, with an average yearly increase of 7,300 net new office jobs. In effect, Downtown Projects II would meet the needs of an expanding Boston economy including the very special needs of that part of the office economy segment which is counted on for more rapid growth, better jobs and a larger share for Boston residents.

In addition, the public benefits from Downtown Projects II are considerable. Approximately 4,100 new permanent and 2,300 new construction jobs would be realized. New property tax revenue would amount to approximately $4.6 million, while jobs training and housing linkage would amount to over $2.7 million.

The approval of these smaller commerical buildings represents an effort to manage Boston's extraordinary growth in such a way as to direct economic benefits and improve the quality of life of Boston's residents. In the past, Boston has witnessed periods of "no growth", that is a situation where generally people's economic position stayed the same, as well as periods of "uncontrolled growth" where the gap between rich and poor widened. Clearly, Boston must have managed growth where benefits are transferred and great economic disparities ameliorated. Downtown Projects II represents managed growth. These buildings will house smaller firms which are currently growing most rapidly and which are in danger of displacement as their leases expire over the next five years. In addition, on average they house more Boston resident workers in higher skilled and higher paying positions.

I. Boston's Office Economy

Boston's expanding office economy has facilitated the city's expanding role as a center for corporate headquarters and major business branches in the banking, insurance and telecommunications industries. It has enabled Boston to host a growing number of architects, engineers, lawyers and accountants as well as business and professional services activities, including money management firms. It has also brought an annual average wage in Boston (1981-1984) that is higher than that in both the metro area and the state.

However, the emergence of an office market which is segmented presents a cause for concern. Boston's office economy is predominantly made up of (1) a large number of small and medium sized firms concentrated primarily in business and professional services activities, frequently housed in smaller office buildings, and (2) a few very large firms in banking and insurance, utilities and telecommunications, occupying, principally, the very large towers.

Employment in that segment of the large banking, insurance and telecommunications firms with 1,000 or more workers has been declining. These firms have a larger proportion of clerical and support service jobs, a smaller share of Boston resident workers, and make up the principal tenants of the very large, office towers. Small and medium size firms, in contrast, are the most rapidly growing sector of the office economy.

Newly available information on Boston firms, by employment size class and economic sector provide an extraordinary profile of Boston's office economy (in 1983) and how it has changed since 1976 (U.S. Bureau of the Census, County Business Pattern, 1976 and 1983).

In office-related business activities, 44 firms, with 500 or more employees had 62,000 workers making up one-third of all office jobs in 1983. This was complemented by 6,600 firms with 1 to 49 employees and a total of 49,800 jobs (27% of the total), 464 firms with 50 to 249 employees and 53,000 jobs (28% of the total), and 60 firms with 250 to 499 employees and 22,220 jobs (12% of the total).

From 1976 to 1983, a period of broad expansion of Boston's economy, office-related business activity grew by 907 firms and 28,100 jobs. Employment in business and professional services activities gained 21,765 jobs, an increase of 40 percent. Finance and insurance firms had an employment increment of 10 percent. And telecommunications and utility firms had an employment loss of 1 percent to 1983.

The differential economic sector growth rates are significant for development policy because of related differences in firm size. Office related business firms with 500 or more workers, had a net loss of 4,600 workers in the 1976-83 period. In finance and insurance, this size class lost 4,250 jobs; in utilities and telecommunications, this size class experienced a reduction of 1,330 jobs in the 1976-83 period.

In contrast, the greatest concentration of employment and job growth occurred in the small and medium sized business and professional services activities firms. From 1976 to 1983, business and professional services activities firms with less than 500 workers had a net gain of 20,780 jobs, making up 74 percent of the total advance in office jobs in Boston. In business and professional services activities, the distribution of employment by size class, in 1983, showed 36 percent of all jobs in firms of less than 50 workers, 33 percent in establishments of 50 to 249 workers, and 15 percent in firms of 250 to 499 workers. These are the firms for which a downtown presence is important and is preferred.

Looking to the future, to 1990, small and medium size office-related business (those with less than 500 workers) are expected to account for 93 percent of the gain of 34,000 jobs anticipated. Business and professional services activities firms would be the fastest growing sector, increasing by 25 percent, in comparison with 19 percent for finance and insurance, 3 percent for telecommunications and utilities, and 18 percent for office related businesses as a whole.

Business and professional services firms would account for 57 percent of the total projected employment growth in all office-related business activity to 1990. By 1990, the greatest concentration of office employment (31%) would be in firms of 250 to 499 workers. In the case of business and professional services, 35 percent of the jobs would be in firms of less than 50 workers, 35 percent in establishments of 50 to 249 workers, and 16 percent in firms of 250 to 499 workers.

These prognoses are based on employment projections described elsewhere in this report, and draw on long-range projections of national employment by industry, by the U.S. Bureau of Labor Statistics (Employment Projections to 1995), the U.S. Bureau of Economic Analysis (1985 OBERS BEA Regional Projections, Volume 2 Metropolitan Statistical Area Projections), an econometric model of the Boston economy commissioned by the Boston Redevelopment Authority, and research reports of the Boston Redevelopment Authority. Employment projections by economic sector have been further articulated taking note of the 1976-1983 trends by firm size class.

The Largest Office Leasing Deals, 1985-86

A recent report on the "25 Largest Office Leasing Deals, January 1985 - March 1986" may provide a preview of Boston's office market, 1986 - 1990 and help to show how the segmented office market relates to space that is leased. The 1,965,000 square feet leased represents an annual rate of 1.6 million square feet. The leases accommodate an estimated 9,000 workers, and divide about equally, in square footage, in (1) banking, insurance, telecommunications and mutual funds, and (2) law, accounting, consulting, bio-med and a state agency. The leased space ranges from 38,000 to 200,000 square feet, accommodating a range of 173 to 909 workers. The space leased by the banking, insurance and telecommunications firms could absorb a range of 173 to 345 workers; that for business and professional services firms, a range of 227 to 682 workers. The median space size would suit 340 workers. Twenty of the twenty-five buildings are 1984, 1985, 1986 and 1987 vintage; two were completed in 1982, one in 1975, one in 1968 and one in 1965 (the Prudential Tower).

II. Survey of Workers in Smaller Officer Buildings

In March 1986, the BRA conducted a postcard survey whose purpose was first, to determine the rate of Boston residency among workers in the City's office buildings; and second, to assess the characteristics of the office workers in terms of their industry of employment, and occupation, and journey to work.

Twenty buildings were selected, ranging in size from 80,000 to 300,000 square feet. Half the buildings sampled had been constructed after 1960; the rest were rehabilitated, older buildings. Postcard survey questionnaires were distributed on four consecutive days. Of 1890 questionnaires distributed, 777 were returned (41%). The survey yielded the following results:

- Of workers employed in smaller Downtown office buildings, 25.6 percent are Boston residents.

- 52 percent of the surveyed workers in smaller office buildings are in finance, insurance and real estate firms and 38 percent are in business and professional services industries, (law, accounting, engineering and architecture and marketing, advertising, public relations, personnel and data processing).

- Proportionally more workers in smaller office buildings are in professional/technical occupations (50.6%) than is the case in all office jobs (34%) or in all jobs in Boston (36%); 14 percent are in sales; 28.2 percent are in clerical and 7.2 percent are in maintenance and service.

- Of those workers who moved into the City as a result of securing employment there (29 percent), 63 percent are in professional/technical occupations.

- Non-residents show a slight tendency towards working in new buildings, while Boston residents tend to work in rehabilitated buildings.

- Boston residents prefer walking to work over other modes of transportation.

- Non-residents in all occupational categories use the MBTA as their most frequent mode of traveling to work.

Some implications may be drawn from these numbers. First, the competition for housing among Boston's workers is increasing as the supply of office space expands. Second, both increased demand and professionalization of the workforce are driving up the price of housing so that the stock of moderately priced housing is diminishing. Third, those who are being displaced or priced out of the Boston market are the low-skilled, low income workers for whom living in close proximity to their work is becoming less of an option. Of those who moved into Boston because of a job there, fewer were clerical and support service workers.

The survey attempted to establish relationships between Boston residency and building characteristics. Workers in smaller office buildings were more often Boston residents (26%) than those in large office buildings (22%). A slight relationship also exists between residency and the age and condition of the building where the worker is employed. Boston residents tend to work in rehabilitated office buildings and non-residents tend to work in new office buildings. Another aspect of residency addressed by the survey was commuting patterns. For Boston residents the preferred mode of travel for getting to work is on foot. Thirty-four percent of Boston's resident workers walk to work.

Other workers drive (3.4%), take a bus (4.9%), ride the MBTA (31.9%), take the commuter rail (2.5%), or use a combination of modes of travel such as auto and commuter rail or bus and M.B.T.A. (21.6%).

Non-residents use a variety of transportation modes, including: commuter boats, van pools, bikes and motorcycles.

A breakdown of commuting patterns into employment groups reveals that 71 percent of those who walk to work are professional/technical or sales workers. This suggests a pattern of increasing professionalization of Downtown Boston as it impacts housing as well as employment.

III. Boston's Office Market 1986-90

An analysis and projection of Boston's office market 1986-1990 shows that office space supply would be closely correlated with office space demand (absorption), taking into account the known inventory of office construction, the outlook for office employment, and requirements for office upgrading and replacement. From 1986 through 1990, 9.7 million square feet of office space are scheduled to be delivered to the market, while 8 million square feet of space would be absorbed. Vacancy rates should drop to a low of less than 8 percent by year end 1986 peak at 12 percent briefly in 1988 and then fall to 9 percent by 1990. The large increment in office supply due to be completed in 1987 and 1988 will drive up vacancy rates temporarily but Boston's steadily growing office employment would parallel office development through 1990.

A detailed analysis shows the relative balance between supply and demand. Over the five year span 1986-90 9.7 million square feet of new, converted, and major renovated office space should be added to the stock. Additions to supply include 5.7 million square feet from 9 major projects endorsed in Fall 1984, 1.1 million square feet from the projects in this report, and 2.9 million square feet of 20 other new, converted, and renovated office buildings of smaller scale and at scattered sites downtown scheduled to come on to the market by year-end 1990. Completions will be fewer in 1986, 1989, and 1990 and greater in 1987 and 1988.

Demand for office space is projected at 1.6 million square feet annually (equal to that of 1985 but less than 1984's 2.4 million) totalling 8 million square feet over five years. This allows for employment growth as well as space upgrading and replacement needs for obsolete buildings. Office space preleased before 1986 would add nearly 800,000 square feet to total absorption.

Consequently, the growth of supply and demand should be in balance through 1990. Rental rates may not increase very much over this time period in view of the demand-supply balance which may have a moderating effect after the near tripling of average rents between 1977 and 1985. Boston's overall office market would be one of the better markets in the nation as the projected peak vacancy rate in 1988 (12%) is lower than the current national city median (14%). In sum, Boston should remain a top quality office market with supply accommodating employment growth but not outstripping demand.

Office Market Supply

On the supply side, the inventory of office space to be completed from 1986 through 1990 is a known quantity and is not likely to be subject to significant variation in view of (1) the time scale of the review and construction process and (2) the city's role in monitoring the development market to achieve balance.

Only projects which will add new or renovated unoccupied office space are included in the inventory of supply. For rehabilitated or converted space only buildings of greater than 20,000 square feet are included. The square footage size reported is usually gross space rather than net rentable space.

In summary, the supply of office space delivered from 1986 through 1990 represents a diversity of new and renovated projects both large and small. The next five years will be a time of one of the largest expansions of office supply in Boston's history. Firms requiring space should have a good choice of quality space.

Office Market Demand

On the demand side, projections of future absorption of office space are made on the basis of employment projections, monitoring of pre-leasing activity, and allowances for upgrading and replacement of existing space. In total, absorption is projected at an annual rate of 1.6 million square feet annually due to pre-1986 pre-leasing activity.

A growth of 50,000 new Boston jobs from 1986-1990 is projected. Utilizing ratios of office employment by industry, an estimated 35,000 new office jobs would be created over the next 5 years. At 220 square feet of office space use per worker, a baseline estimate of 7.7 million square feet of additional space would be required. Upgrading of office space standards to higher quality, and replacement of obsolete space lost to demolition, or total renovation, represent important elements of future office demand. The upgrading of older buildings to modern use generally attracts firms which use the space more generously thus increasing the existing ratios of square feet per worker over time. Replacement of obsolete office buildings occurs as older buildings are demolished or taken out of use so that even firms, without expanding employment, enter the existing market for office space. These factors add an estimated 2,000,000 square feet of demand for a total projected annual absorption rate of 1.6 million square feet.

Public Benefits - Downtown Projects II

New Tax Revenues	Jobs		Payroll	
	Permanent	Construction	Annual	Construction
$4.6 Million	4,127	2,346	$88.2 million	$65.1 million

Benefits in Perspective

While the tax and job benefit numbers for these development projects do not rival the corresponding quantities of the earlier phase of Downtown Projects, the quality of these fiscal and economic benefits remains high in view of the related job training programs.

1. The rates at which building space yields jobs, payroll, and taxes meet the same standards of the larger projects. While the 100,000 square foot linkage "exemption" reduces the linkage benefit "rate" for these smaller projects they will be among the first to contribute to the job training linkage fund.

2. A greater proportion of both permanent and construction jobs and payroll will go to Boston residents. Mayor Flynn's 1985 Executive Order on Resident Construction Employment Standards and the proposed new Boston Fair Employment Commission will secure more of these job opportunities for Boston's workforce, especially women and minorities. Since only about one-fourth of Boston's downtown office jobs presently go to city residents, the new 50 percent standard will double the significance of these 4,127 new permanent jobs.

3. The total economic impact of construction and permanent job payroll will be increased by the higher degree of local respending of this money. As resident income rises through the increased share of job growth, the businesses of Boston's shops and service providers will rise also. Rather than "trickling down", this money will be injected into the neighborhoods in the most effective way possible - in resident's paychecks.

4. The timing of these job, income, and tax benefits follows closely on society's need to replace the declining role of the Federal government in fields of job training and employment opportunity, revenue sharing and aid to local governments, affirmative action in hiring, and affordable housing.

Although the $4.6 million of new annual tax revenue that these projects will pay is only about one percent of the City's present property tax revenue, its true significance lies at the budget cutting edge of controllable expenditures. For example, this sum is almost what it costs to run the Suffolk County Jail. It is over three times the Library Department allowance for books, supplies, and materials.

Background Tables

Boston's Office Economy

Table 1

Suffolk County Business Patterns
Number and Percent Distribution of
Establishments by Employment Size Class
1976 and 1983

Size Class	1976	Percent of Total	1983	Percent of total
1 to 49 employees	15,702	93.4	17,134	92.5
50 to 249	925	5.5	1,172	6.3
250 to 499	102	0.6	122	0.7
500 or more	74	0.4	101	0.5
Total*	16,803	100.0	18,529	100.0

* Classes may not sum to total due to rounding.

Source: Bureau of the Census, County Business Patterns, 1976 and 1983.

Table 2a

Suffolk County Business Patterns
Change and Percent Change in Number of
Establishments by Employment Size Class
1976 and 1983

Size Class	1976	1983	Change 1986-83	Percent Change
1 to 49 employees	15,702	17,134	1,432	9.1
50 to 249	925	1,172	247	26.7
250 to 499	102	122	20	19.6
500 or more	74	101	27	36.5
Total*	16,803	18,529	1,726	10.3

* Classes may not sum to total due to rounding.

Source: Bureau of the Census, County Business Patterns, 1976 and 1983.

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Table 2b

Suffolk County Business Patterns, 1976-83
Number of Establishments by Employment Size Class

Size Class	Office-Related Business Types		Business and Professional Services		Finance Ins./R.E.		Transp. Comm./P.	
	1976	1983	1976	1983	1976	1983	1976	1983
1 to 49 employees	5,892	6,596	3,227	3,961	1,983	2,025	682	610
50 to 249	291	464	130	217	109	174	52	73
250 to 499	39	60	20	32	4	14	15	14
500 or more	35	44	8	12	15	18	12	14
Total employees*	6,257	7,164	3,385	4,222	2,111	2,231	761	711

* Categories may not sum to total due to rounding.

Source: Bureau of the Census, County Business Patterns, 1976, 1983.

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Table 3

Suffolk County Business Patterns

Employment by Employment Size Class, 1976 and 1983
Number, Change and Percent Change

Size Class	1976	1983	Change	% Change
1 to 49 employees	125,243	130,557	5,315	4
50 to 249	102,766	128,869	26,103	25
250 to 499	38,142	54,147	16,005	42
500 or more	125,179	149,510	24,332	19
Total*	391,499	456,098	64,599	17

Source: Bureau of the Census, County Business Patterns, 1976 and 1983.

Table 4

Suffolk County Business Patterns

Employment by Employment Size Class, 1976 and 1983
Number, Change and Percent Change

Office-Related Business Types

Size Class	1976	1983	Change	% Change
1 to 49 employees	42,971	49,773	6,802	16
50 to 249	34,780	53,059	18,279	53
250 to 499	14,606	22,225	7,619	52
500 or more	66,819	62,221	(4,598)	(7)
Total*	159,175	187,278	28,103	18

Source: Bureau of the Census, County Business Patterns, 1976 and 1983.

Table 5

Suffolk County Business Patterns, 1976-83
Number of Employees by Employment Size Class

Size Class	Office-Related Business Types		Business and Professional Services		Finance Ins./R.E.		Transp. Comm./P.	
	1976	1983	1976	1983	1976	1983	1976	1983
1 to 49 employees	42,971	49,773	21,047	27,908	15,472	16,112	6,453	5,754
50 to 249	34,780	53,059	15,385	25,057	12,721	19,363	6,674	8,639
250 to 499	14,606	22,225	7,490	11,739	1,498	5,243	5,618	5,243
500 or more	66,819	62,221	10,820	11,803	37,010	32,758	18,989	17,660
Total employees*	159,175	187,278	54,742	76,507	66,700	73,476	37,733	37,295

* Categories may not sum to total due to rounding.

Source: Bureau of the Census, County Business Patterns, 1976, 1983.

Table 6

Suffolk County Business Patterns, 1983-1990
Change in Number of Establishments by Employment Size Class

Size Class	Office-Related Business Types Change 1976-83		Business and Professional Services Change 1976-83		Finance Ins./R.E. Change 1976-83		Transp. Comm./P. Change 1976-83	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1 to 49 employees	6,802	16	6,861	33	641	4	(699)	(11)
50 to 249	18,279	53	9,672	63	6,643	52	1,965	29
250 to 499	7,619	52	4,249	57	3,745	250	(375)	(7)
500 or more	(4,598)	(7)	983	9	(4,252)	(11)	(1,329)	(7)
Total employees*	28,103	18	21,765	40	6,776	10	(438)	(1)

* Categories may not sum to total due to rounding.

Source: Bureau of the Census, County Business Patterns, 1976, 1983.

Table 7

Suffolk County Business Patterns, 1976-83
Percent Distribution of Employees by Employment Size Class

Size Class	Office-Related Business Types		Business and Professional Services		Finance Ins./R.E.		Transp. Comm./P.	
	1976	1983	1976	1983	1976	1983	1976	1983
1 to 49 employees	27	27	38	36	23	22	17	15
50 to 249	22	28	28	33	19	26	18	23
250 to 499	9	12	14	15	2	7	15	14
500 or more	42	33	20	15	55	45	50	47
Total employees*	100	100	100	100	100	100	100	100

* Categories may not sum to total due to rounding.

Source: Bureau of the Census, County Business Patterns, 1976, 1983.

Table 8

Suffolk County Business Patterns, 1976-83
Number of Employees by Employment Size Class

Size Class	Office-Related Business Types		Business and Professional Services		Finance Ins./R.E.		Transp. Comm./P.	
	1983	1990	1983	1990	1983	1990	1983	1990
1 to 49 employees	49,773	56,722	27,908	33,960	16,112	16,905	5,754	5,857
50 to 249	53,059	69,067	25,057	33,589	19,363	26,224	8,639	9,254
250 to 499	22,225	30,773	11,739	15,485	5,243	9,890	5,243	5,397
500 or more	62,221	64,626	11,803	12,689	32,758	34,124	17,660	17,813
Total employees*	187,278	221,187	76,507	95,724	73,476	87,143	37,295	38,321

* Categories may not sum to total due to rounding.

Source: Bureau of the Census, County Business Patterns, 1976, 1983.

Table 9

Suffolk County Business Patterns, 1983-1990
Change in Number of Establishments by Employment Size Class

Size Class	Office-Related Business Types Change 1983-90		Business and Professional Services Change 1983-90		Finance Ins./R.E. Change 1983-90		Transp. Comm./P. Change 1983-90	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1 to 49 employees	6,949	14	6,053	22	793	5	103	2
50 to 249	16,008	30	8,532	34	6,861	35	616	7
250 to 499	8,548	38	3,747	32	4,647	89	154	3
500 or more	2,404	4	886	8	1,366	4	153	1
Total employees*	33,909	18	19,217	25	13,667	19	1,026	3

* Categories may not sum to total due to rounding.

Source: Bureau of the Census, County Business Patterns, 1976, 1983.

Table 10

Suffolk County Business Patterns, 1976-83
Change in Number of Employees by Employment Size Class

Size Class	Office-Related Business Types		Business and Professional Services		Finance Ins./R.E.		Transp. Comm./P.	
	1983	1990	1983	1990	1983	1990	1983	1990
1 to 49 employees	27	26	36	35	22	19	15	15
50 to 249	28	31	33	35	26	30	23	24
250 to 499	12	14	15	16	7	11	14	14
500 or more	33	29	15	13	45	39	47	46
Total employees*	100	100	100	100	100	100	100	100

* Categories may not sum to total due to rounding.

Source: Bureau of the Census, County Business Patterns, 1976, 1983.

The Largest Office Leasing Deals, 1985-86

25 LARGEST OFFICE LEASING DEALS
JANUARY 1985 - MARCH 1986

Type of Firm	Number of Firms	Square Feet Leased Amount (Thous. of Sq. Ft.)	Square Feet Leased Range (Thous. of Sq. Ft.)	Building Size Range	Years Completed Range	Number of Workers	Range of Workers
Insurance	6	439	41-139	156-979	1975-85	1,995	186-632
Banking	4	212	38-76	212-1,088	1968-84	964	173-345
Mutual Fund	2	250	50-200	348-350	1985-86	1,136	227-909
Telecommunications	2	136	60-76	322-1,400	1965-84	618	273-345
Subtotal	14	1,037	38-200	156-1,400	1965-86	4,714	173-909
Law	4	309	50-150	102-1,050	1984-87	1,406	227-682
Accounting	3	253	50-93	348-1,088	1984-87	1,150	227-423
Consulting	1	95	95	1,088	1984	432	432
State Agency	2	96	47-49	74-49	1984-85	436	214-223
Bio-Med	1	175	175	600	1986	795	795
Subtotal	11	928	50-175	74-1,088	1984-87	4,218	214-795
TOTAL	25	1,965	38-200	74-1,400	1965-87	8,932	173-909

Source: Boston Business Journal, March 31, 1986

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Survey of Workers In Smaller Office Buildings

Characteristics of Workers In Small Office Buildings
(300,000 square feet or less)
Based On A Postcard Survey Conduted March 1986

I. Resident Workers 25.6%

II. Occupations

			Workers In Small Office Buildings		
	Boston Economy	Boston Office Total	All	Residents	Non-Residents
Prof, Mgr, Tech	36%	34%	50.6%	49.2%	52.3%
Sales	22	6	14.0	6.7	14.4
Secy & Clerical	24	42	28.2	35.2	26.5
Maintenance	18*	19*	7.2	8.8	6.8
	100	100	100.0	100.0	100.0

* Includes Production (MFG)

Occupations of 29% of resident workers who moved into Boston because of job

Prof, Mgr, Tech	63.4%
Sales	10.3
Secy & Clerical	22.4
Maintenance	3.4
	100.0

III. Commuting Patterns*

	Boston Resident Workers	Non-Residents
All Modes	100%	100%
Walk	34	-
Auto	3.4	15.8
Bus	4.9	10
Subway	31.9	28.8
Commuter Rail	2.5	16.3

* Survey may have missed executives who drove directly to a basement garage in their office bldgs.

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IV. Age and Condition of Building

	Boston Resident Workers	Non-Residents
New Buildings	21%	79%
Rehab Bldgs.	29%	71%
All Workers	26%	74%

Boston's Office Market 1986-90

OFFICE SUPPLY 1986-1990

Downtown Projects I		
	(9 new	5,329,500)
	(1 rehab	340,000)
	10 total	5,699,500
Downtown Projects II		
	6 new	931,834
Other Downtown Projects		
	(3 new	698,000)
	(9 reuse	1,340,000)
	(7 rehab	675,280)
	20 total	2,713,280
Grand Total	35	9,344,614

QUARTERLY OFFICE VACANCY RATE PROJECTIONS FOR BOSTON
1986 - 1990

Year	Quarter	Total for Quarter Square Feet			Total at End of Quarter (Millions of Square Feet)			Quarterly Vacancy Rate (Percent)
		Supply Added	Pre-leased Space *	Absorption	Supply	Occupied Space	Vacant Space	
1986	I	381,000	152,000	400,000	43.381	39.652	3.73	8.60%
	II	531,000	135,000	400,000	43.912	40.187	3.73	8.48%
	III	589,000	75,000	400,000	44.501	40.662	3.84	8.63%
	IV	206,280	0	400,000	44.707	41.062	3.65	8.15%
1987	I	1,240,000	77,000	400,000	45.947	41.539	4.41	9.59%
	II	1,016,000	278,000	400,000	46.963	42.217	4.75	10.11%
	III	480,000	0	400,000	47.443	42.617	4.83	10.17%
	IV	108,599	0	400,000	47.552	43.017	4.53	9.54%
1988	I	1,520,500	0	400,000	49.072	43.417	5.66	11.52%
	II	407,735	0	400,000	49.480	43.817	5.66	11.45%
	III	856,000	200,000	400,000	50.336	44.417	5.92	11.76%
	IV	857,000	40,000	400,000	51.193	44.857	6.34	12.38%
1989	I	0	0	400,000	51.193	45.257	5.94	11.60%
	II	700,000	0	400,000	51.893	45.657	6.24	12.02%
	III	0	0	400,000	51.893	46.057	5.84	11.25%
	IV	0	0	400,000	51.893	46.457	5.44	10.48%
1990	I	500,000	0	400,000	52.393	46.857	5.54	10.57%
	II	0	0	400,000	52.393	47.257	5.14	9.80%
	III	0	0	400,000	52.393	47.657	4.74	9.04%
	IV	399,500	0	400,000	52.793	48.057	4.74	8.97%

* Note: Pre-leased space is only given where known for 1986-1988 buildings.

ources: Boston Redevelopment Authority, Research and Development Departments and major Boston realtor reports.

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PIPELINE OF OFFICE SUPPLY TO BE COMPLETED, 1968-1990

I. Major Downtown Projects Announed in November, 1984

Project Name	Address	Qtr/Year	Square Feet
The Landmark (rehab)	160 Federal Street	III/1986	340,000
H.C.W. Building	99 Summer Street	I/1987	240,000
One International Place	Oliver and High Street	II/1987	1,000,000
Rowes Wharf	Rowes/Foster Wharves	III/1987	325,000
Federal Center	150 Federal Street	I/1988	527,000
101 Federal Street	101 Federal Street	I/1988	550,000
101 Arch Street	Arch and Franklin	I/1988	358,000
Heritage on the Common	260 Boylston Street	II/1988	130,000
New England Life (I)	500 Boylston Street	III/1988	600,000
75 State Street	75 State Street	II/1989	700,000
Two International Place	Oliver and High Street	I/1990	500,000
New England Life (II)	500 Boylston Street	IV/1990	399,500
TOTAL SUPPLY			5,669,500
Pre-leased Space			578,000

II. Downtown Projects Announced in Spring, 1986

Project Name	Address	Qtr/Year	Square Feet
One Faneuil Hall Square	Merchants Row	IV/1987	34,599
21 Custom House Street	45 India Street	I/1988	85,500
20 Custom House Street	64 Broad Street	II/1988	142,735
745 Atlantic Avenue	745 Atlantic Avenue	II/1988	135,000
110-120 Tremont Street	110-120 Tremont Street	IV/1988	379,000
The Merrimac (new)	101 Merrimac	III/1987	155,000
TOTAL			931,834

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III. Other New, Renovation, and Conversion Projects as of Spring, 1986

Project Name	Address	Qtr/Year	Square Feet
(rehabilitation)	185 Devonshire Street	I/1986	62,000
(rehabilitation)	274 Franklin Street	I/1986	23,000
Marketplace Center (new)	200 State Street	I/1986	296,000
(conversion/reuse)	425 Summer Street	II/1986	196,000
Ironsides Building (conv.)	Charlestown N.Y. Bldg. 36	II/1986	70,000
Lincoln Square (rehab.)	183 Essex Street	II/1986	265,000
Ingalls Building (new)	855 Boylston Street	III/1986	146,000
(rehabilitation)	105 Chauncey Street	III/1986	70,000
Navy Yard Plaza (conv.)	Charlestown N.Y. Bldg. 34	III/1986	33,000
(rehabilitation)	176 Federal Street	IV/1986	81,280
Financial Plaza (conv.)	695 Atlantic Avenue	IV/1986	125,000
(conversion/reuse)	90 Canal Street	I/1987	90,000
(conversion/reuse)	24 Farnsworth Street	I/1987	80,000
(rehabilitation)	200 High Street	I/1987	100,000
149 Constitution Park (conv.)	Charlestown N.Y. Bldg. 149	I/1987	600,000
(conversion/reuse)	280 Summer Street	I/1987	130,000
120 Navy Yard Plaza (conv.)	Charlestown N.Y. Bldg. 120	II/1987	16,000
South Station Headhouse (ren.)	Atlantic Avenue	IV/1987	74,000
One Congress Street (new)	government Center	III/1988	256,000

	Square Feet	Pre-Leased Space
GRAND TOTAL	2,713,280	379,000
3 projects, new	698,000	169,000
9 projects, conversion/reuse	1,340,000	87,000
7 projects, rehabilitation/renovation	675,280	123,000

Source: Boston Redevelopment Authority, Research Department.

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COMPARATIVE CITY OFFICE MARKET VACANCY RATES

SPRING/SUMMER 1986

(in percent)

City	Downtown	Outside Downtown	Total Metro Area
Atlanta	19.5	21.9	21.0
Baltimore	11.9	11.1	11.5
BOSTON	8.2	15.3	13.1
Chicago	12.7	23.4	16.5
Cleveland	18.9	16.0	18.1
Dallas	19.4	24.5	23.0
Denver	25.1	24.5	24.7
Forth Worth, TX	21.9	23.0	22.5
Hartford, CT	10.0	20.5	15.3
Houston	18,0	30.9	27.6
Kansas City	16.2	16.2	16.2
Los Angeles	14.8	15.4	15.3
Miami	25.6	19.1	20.9
New Orleans	21.2	23.2	21.8
New York **	7.3	8.8	7.9
Philadelphia	9.4	20.2	14.5
Pittsburgh	NA	NA	NA
San Diego	25.7	24.2	24.7
San Francisco	13.6	13.9	13.7
Stamford, CT	12.4	17.9	15.6
Washington, DC	7.6	10.1	9.0
Whitel Plans, NY	12.8	28.1	23.7
City Average ***	14.0	19.0	16.9

Source: The Office Network, April, 1986.

** Note: New York is Manhattan only. In this table Downtown is Midtown, Suburban is Wall Street, and Metro is both.

*** Note: Metro area average is from The Office Network. Other averages estimated from the data.

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Public Benefits

Comparing and Totalling Job, Payroll, and Tax Benefits
From Three Families of Downtown Projects

Summary

	Tax Revenues ($1,000s)	Jobs		Payroll ($1,000s)		Linkage ($1,000s)
		Permanent	Construction	Permanent	Construction	
Downtown Projects I*	$31,512	25,374	13,475	$534,064	$374,081	$25,160
Downtown Projects II**	5,500(?)	5,100	2,900	110,000	80,000	4,830
Other Downtown***	6,410	13,201	4,493	282,507	124,736	7,674
TOTAL	$43,422	43,675	20,868	$926,571	$578,817	$37,664

* These figures for "Downtown Projects I" have been adjusted from levels published in October, 1984 to account for an expected reduction of 500 Boylston Street from 1,378,590 GSF to 1,161,300 GSF and changes in six other projects increasing total office space by 344,000 net square feet.

** These are preliminary figures for these seven projects. Linkage contributions are to be made under the new schedule of increased and accelerated payments.

*** These preliminary figures are based on an estimated 2,904,280 net square feet of office space in twenty projects.

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